

ARTS COUNCIL OF NEW ORLEANS

Audit of Financial Statements

December 31, 2014 with Comparative
Totals for December 31, 2013



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Independent Auditor's Report

To the Board of Directors
Arts Council New Orleans

Report on the Financial Statements

We have audited the accompanying financial statements of Arts Council of New Orleans (ACNO), a Louisiana non-profit corporation, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

NEW ORLEANS HOUSTON BATON ROUGE COVINGTON

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Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of ACNO as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited ACNO's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on page 16 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2015 on our consideration of ACNO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACNO's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA
June 26, 2015

ARTS COUNCIL OF NEW ORLEANS
Statement of Financial Position
December 31, 2014
With Summarized Financial Information as of December 31, 2013

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
Assets				
Current Assets				
Cash	\$ 59,688	\$ 1,077,454	\$ 1,137,142	\$ 970,016
Short-Term Investments	-	-	-	216,208
Accounts Receivable	60,915	-	60,915	10,731
Grants Receivable	95,206	130,049	225,255	246,597
Pledges Receivable	54,000	15,000	69,000	45,000
Prepaid Expenses	4,000	-	4,000	-
Deposit	6,028	-	6,028	5,527
Total Current Assets	279,837	1,222,503	1,502,340	1,494,079
Non-Current Assets				
Investments	3,308	-	3,308	3,156
Art Collection	27,652	-	27,652	27,652
Equipment, Furniture and Fixtures, Net	43,593	-	43,593	43,964
Total Assets	\$ 354,390	\$ 1,222,503	\$ 1,576,893	\$ 1,568,851
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 61,845	\$ 55,563	\$ 117,408	\$ 18,029
Accrued Expenses	177,368	-	177,368	42,907
Grants Payable	-	614,333	614,333	648,575
Refundable Advances	-	388,643	388,643	390,248
Total Current Liabilities	239,213	1,058,539	1,297,752	1,099,759
Net Assets	115,177	163,964	279,141	469,092
Total Liabilities and Net Assets	\$ 354,390	\$ 1,222,503	\$ 1,576,893	\$ 1,568,851

The accompanying notes are an integral part of these financial statements.

ARTS COUNCIL OF NEW ORLEANS
Statement of Activities and Change in Net Assets
For the Year Ended December 31, 2014
With Summarized Financial Information for the Year Ended December 31, 2013

	2014			2013
	Unrestricted	Temporarily Restricted	Total	Total
Revenue, Gains and Other Support				
Grants	\$ 177,925	\$ 901,374	\$ 1,079,299	1,200,868
Contributions	222,814	324,300	547,114	467,079
Contracts	356,789	91,948	448,737	223,478
Interest and Investment Income, Net	795	-	795	2,208
Other Income	190,407	-	190,407	201,207
Total Revenue, Gains and Other Support	948,730	1,317,622	2,266,352	2,094,840
Net Assets Released from Restrictions	1,512,728	(1,512,728)	-	-
Expenses				
Regrants	827,421	-	827,421	879,740
Salaries and Benefits	665,813	-	665,813	573,068
Artist Fees and Services	298,832	-	298,832	282,522
Professional Fees	293,589	-	293,589	193,382
Occupancy	120,450	-	120,450	107,082
Travel, Meetings, Conferences and Courses	99,755	-	99,755	68,421
Supplies	73,811	-	73,811	36,536
Other	19,480	-	19,480	33,657
Advertising	17,543	-	17,543	11,477
Insurance	17,502	-	17,502	10,422
Postage, Printing and Duplicating	17,409	-	17,409	11,860
Depreciation	4,698	-	4,698	2,886
Bad Debt Expense	-	-	-	20,000
Total Expenses	2,456,303	-	2,456,303	2,231,053
Change in Net Assets	5,155	(195,106)	(189,951)	(136,213)
Net Assets, Beginning of Year	110,022	359,070	469,092	605,305
Net Assets, End of Year	\$ 115,177	\$ 163,964	\$ 279,141	469,092

The accompanying notes are an integral part of these financial statements.

ARTS COUNCIL OF NEW ORLEANS**Statement of Cash Flows****For the Year Ended December 31, 2014****With Summarized Financial Information for the Year Ended December 31, 2013**

	2014	2013
Cash Flows from Operating Activities		
Change in Net Assets	\$ (189,951)	\$ (136,213)
Adjustments to Reconcile Change in Net Assets to		
Net Cash (Used in) Provided by Operating Activities		
Depreciation	-	2,886
Net Realized and Unrealized Gain on Investments	(137)	(304)
Bad Debt Expense	-	20,000
Changes in Operating Assets and Liabilities		
Accounts Receivable	(50,184)	(3,902)
Grants Receivable	21,342	(114,080)
Pledges Receivable	(24,000)	45,000
Prepaid Expenses	(4,000)	12,131
Deposit	(501)	-
Accounts Payable	99,379	(13,479)
Accrued Expenses	134,461	(10,686)
Grants Payable	(34,242)	522,580
Refundable Advances	(1,605)	(13,740)
Net Cash (Used in) Provided by Operating Activities	(49,438)	310,193
Cash Flows from Investing Activities		
Acquisition of Equipment, Furniture and Fixtures	(4,327)	(7,035)
Acquisition of Artwork	-	(1,200)
Proceeds from Sale of Investments	216,208	15
Purchase of Investments	(15)	(1,919)
Net Cash Provided by (Used in) Investing Activities	211,866	(10,139)
Net Increase in Cash	162,428	300,054
Cash, Beginning of Year	970,016	669,962
Cash, End of Year	\$ 1,132,444	\$ 970,016

The accompanying notes are an integral part of these financial statements.

ARTS COUNCIL OF NEW ORLEANS

Notes to Financial Statements

Note 1. Organization and Operation

The Arts Council of New Orleans (ACNO), a non-profit organization, is the City of New Orleans' officially designated arts agency. ACNO was formed in 1981 as a result of a merger of the Arts Council of Greater New Orleans and the Mayor's Committee for Arts and Cultural Development. ACNO's efforts are directed toward enhancing the cultural and artistic environment in the New Orleans metropolitan area and are as follows:

People – Inspiring and Connecting: Supporting participatory arts, youth arts education, and events that inspire and connect.

Place – Transforming Landscape: Emphasizing design solutions and a heightened awareness of the built environment.

Artists – Investing in our Cultural Assets: Professionalizing the capabilities of local artists and organizations while seeking markets and exchange opportunities.

Arts New Orleans: Related to artsneworleans.org website.

Note 2. Summary of Significant Accounting Policies

Method of Accounting

The financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The financial statement presentation is in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, ACNO reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets are those whose use by ACNO has been limited by donors to a specific time period or purpose. As of December 31, 2014 and 2013, ACNO has not received any assets whose use was permanently restricted.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ACNO's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

ARTS COUNCIL OF NEW ORLEANS

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

ACNO records its investments in accordance with the *Not-for-Profit Entities* Topic of the FASB ASC, which establishes standards for the recognition of fair value of investments in certain entities that calculate net asset value per share, with gains and losses included in the statement of activities and changes in net assets.

ACNO maintains an unrestricted fund at the Greater New Orleans Foundation (GNOF). This fund is in an investment pool managed by the GNOF. The balance of the fund as of December 31, 2014 and 2013, was \$3,308 and \$3,156, respectively.

Short-Term Investments

Short-term investments include one certificate of deposit. Maturities of short-term investments are expected to be less than one year. During the year ended December 31, 2014, the certificate of deposit was liquidated upon maturity.

Contributions

Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when stipulated time restriction ends or purpose/project restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. As of December 31, 2014 and 2013, there were no permanently restricted net assets.

Pledges Receivable

ACNO records unconditional promises to give as pledges receivable on the statement of financial position. Unconditional promises to give expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their net realizable value, using discount rates applicable to the years in which the promises are to be received.

Allowance for Uncollectible Accounts

ACNO provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to valuation allowance based on management's assessment of the current status of individual accounts. Accounts receivable, grants receivable and pledges receivable as of December 31, 2014, are considered fully collectible.

ARTS COUNCIL OF NEW ORLEANS

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Donated Services

Volunteers have given extensive amounts of time and services to ACNO. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the criteria necessary for recognition. In-kind contributions received by ACNO were not material in 2014 and 2013.

Depreciation of Equipment, Furniture, and Fixtures

ACNO's equipment, furniture and fixtures consist of office equipment and furnishings which are being depreciated utilizing the straight-line method over their useful lives of three to five years. Depreciable assets are valued at their cost if purchased or their estimated fair value at the time of donation if contributed.

Interest Income

Interest income is allocated to restricted programs to fund certain costs when specifically required by applicable contracts or grants.

Income Taxes

ACNO is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Gifts to the Council are tax deductible.

Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. ACNO believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in operating expenses.

Contributed Artwork

ACNO has paintings and sculptures on display in its offices. This artwork is recorded at its appraised value at the time of donation. The carrying value of the artwork at December 31, 2014 and 2013 was \$27,652.

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 presentation.

ARTS COUNCIL OF NEW ORLEANS

Notes to Financial Statements

Note 3. Depreciable Assets

Depreciable assets are summarized as follows by major classification at December 31st:

	2014	2013
Equipment, Furniture and Fixtures	\$ 175,058	\$ 170,732
Less: Accumulated Depreciation	(131,465)	(126,768)
Net Depreciable Assets	\$ 43,593	\$ 43,964

Depreciation expense was \$4,698 and \$2,886 in 2014 and 2013, respectively.

Note 4. Fair Value of Financial Instruments

ACNO follows the provisions of FASB ASC *Fair Value Measurement* Topic. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This guidance establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. ACNO's measurements of fair value are made on a recurring basis, and their valuation techniques for assets recorded at fair value are as follows:

Investment Pool - The fair value is determined by the use of calculated net asset value per ownership share.

ARTS COUNCIL OF NEW ORLEANS

Notes to Financial Statements

Note 4. Fair Value of Financial Instruments (Continued)

The valuation of ACNO's assets measured at fair value on a recurring basis at December 31, 2014 and 2013, are as follows:

	Level 1	Level 2	Level 3	Fair Value
December 31, 2014				
GNOF Investment Pool	\$ -	\$ -	\$ 3,308	\$ 3,308
Total	\$ -	\$ -	\$ 3,308	\$ 3,308
December 31, 2013				
GNOF Investment Pool	\$ -	\$ -	\$ 3,156	\$ 3,156
Total	\$ -	\$ -	\$ 3,156	\$ 3,156

The changes in investments measured at fair value for which ACNO has used Level 3 inputs to determine fair value, are as follows:

	Level 3 Beginning Balance	Net Realized and Unrealized Gains (Losses)	Net Payments and Gifts	Net Purchases and Sales	Net Transfers In (Out) of Level 3	Level 3 Ending Balance
December 31, 2014						
GNOF Investment Pool	\$ 3,156	\$ 139	\$ (16)	\$ 29	\$ -	\$ 3,308
Total	\$ 3,156	\$ 139	\$ (16)	\$ 29	\$ -	\$ 3,308
December 31, 2013						
GNOF Investment Pool	\$ 2,829	\$ 304	\$ (15)	\$ 38	\$ -	\$ 3,156
Total	\$ 2,829	\$ 304	\$ (15)	\$ 38	\$ -	\$ 3,156

ACNO's investments at December 31, 2014, that feature net asset value per share in Level 3, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency if Currently Eligible	Redemption Notice Period
GNOF Investment Pool	\$ 3,308	N/A	None	N/A
Total	\$ 3,308			

The GNOF Investment Pool includes investments in a well diversified asset mix, which includes equity and fixed income securities as well as private equity and investments in hedge funds which primarily invest in commodities. Investments in this category except for the undistributed earnings were not available to be redeemed because of lockup restrictions as of December 31, 2014.

ARTS COUNCIL OF NEW ORLEANS

Notes to Financial Statements

Note 5. Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2014 and 2013:

	2014	2013
Arts16	\$ 94,409	\$ 254,409
Entertainment Law Legal Assistance Project	30,000	30,000
Joan Mitchell Foundation for Support of the Business Center	30,000	27,500
Keller Family Foundation Youth Solutions	9,555	-
Joan Mitchell Foundation CEO Transition Grant	-	25,000
Stern Fund for an Artist to Work in Schools, Recreation and Elderly Centers	-	17,461
Welch Funds for the Use of Services and Resources by and for Artists for the Community in Future Years	-	4,700
Total	\$ 163,964	\$ 359,070

Note 6. Release of Restricted Assets

Net assets were released from restrictions by meeting the time restrictions or by incurring expenses satisfying the restricted purposes.

	2014	2013
Restrictions Accomplished:		
LDOA Decentralized Grants	\$ 529,768	\$ 532,168
Community Arts Grants	296,606	349,698
Luna Fete	164,200	-
Arts16	160,000	170,000
Percent for Arts	91,948	179,595
Entertainment Law Legal Assistance Project	70,000	99,849
National Endowment for the Arts - Youth Solutions	40,000	-
Tremaine Foundation for Support of the Business Center	25,000	50,000
Community Arts Awards	21,800	-
Arts New Orleans	20,000	43,140
National Endowment for the Arts - Arts Business	20,000	-
Stern Fund for an Artist to Work in Schools, Recreation and Elderly Centers	17,461	7,479
Joan Mitchell Foundation - Arts Align	15,000	-
Joan Mitchell Foundation CEO Transition Grant	10,000	20,000
National Endowment for the Arts - Broad + Water	15,000	-
Joan Mitchell Foundation for Support of the Business Center	12,500	55,364
Arts Market - Jazz Fest	3,000	3,500
Keller Family Foundation - Youth Solutions	445	-
Joan Mitchell Foundation for Support of the Sculpture Project	-	42,920
Arts Week - Edward Wisner Grant	-	25,000
Total	\$ 1,512,728	\$ 1,578,713

ARTS COUNCIL OF NEW ORLEANS

Notes to Financial Statements

Note 7. Concentrations

ACNO periodically maintains cash in bank accounts in excess of insured limits. ACNO has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Revenues from two grantors represented approximately 44% and 50% of total revenues earned for the year ended December 31, 2014 and 2013, respectively. Grants receivable from these grantors represented 51% and 90% of grants receivable at December 31, 2014 and 2013, respectively.

Note 8. Employee Benefit Plan

Effective March 1, 2014, ACNO established a 403(b) Thrift Plan that covers all employees. Participants can contribute a percentage of their compensation to the Plan and receive a 50% matching employer contribution on up to 4% of this contribution. Employees are fully vested in employer contributions. ACNO's retirement contribution expense for the year ended December 31, 2014 was \$9,588.

Note 9. Lease Obligations

ACNO leases office space under a five year lease agreement, which commenced on July 1, 2011. Monthly lease payments through August 2016 are \$6,557 and include charges for insurance, property tax and common area maintenance.

ACNO leases office equipment under two lease agreements. Payments of \$439 are due monthly on a lease expiring in 2018, and payments of \$271 are due monthly on a lease ending in 2016, which includes a repair and maintenance service agreement.

Future minimum lease payments on the leases in effect as of the report date are as follows:

Year Ending December 31,	Minimum Lease Payments
2015	\$ 90,297
2016	61,683
2017	5,268
2018	<u>2,634</u>
Total	<u>\$ 159,882</u>

ARTS COUNCIL OF NEW ORLEANS

Notes to Financial Statements

Note 10. Commitments

Since 1986, ACNO has entered into annual agreements with the City of New Orleans (the City) relating to the establishment of the Percent for Art Program under which one percent of the cost of eligible City capital projects is to be used to fund certain works of art. ACNO's ongoing tasks include developing an Annual Art Plan to carry out the implementation of selected art projects, and short-term and long-term coordination and planning for the program. ACNO incurred expenditures of \$130,000 in 2014 and 2013 for administrative duties performed to accomplish the agreed upon tasks. Refundable advances totaled \$388,643 and \$390,248 in 2014 and 2013, respectively, all of which was related to the Percent for Art Program.

Note 11. Functional Classification of Expenses

ACNO categorizes its program services expenses according to the program descriptions in Note 1.

Expenses by function for the years ended December 31, 2014 and 2013, were as follows:

	2014	2013
Expenses		
Program Services		
People	\$ 473,999	\$ 85,985
Place	283,403	394,163
Artists	1,199,667	1,295,242
Arts New Orleans	-	32,908
Supporting Services		
Management and General	280,405	262,071
Fundraising	218,829	160,684
Total Expenses	\$ 2,456,303	\$ 2,231,053

ARTS COUNCIL OF NEW ORLEANS

Notes to Financial Statements

Note 12. Endowment Funds

Annually ACNO receives distributions from several endowment funds established at the Greater New Orleans Foundation (GNOF). These funds are in an investment pool managed by the GNOF. The funds were donated to the GNOF for the benefit of ACNO. The GNOF utilizes an endowed spending policy to determine the amount available for distributions. Future distributions are subject to that policy. As such, these funds are not recorded as assets on ACNO's financial statements. The balances of these funds are as follows:

Fund	Initial Donation	Net Appreciation	Balance	
			December 31, 2014	December 31, 2013
Kock	\$ 210,000	\$ 122,329	\$ 332,329	\$ 328,846
Billion	50,000	53,738	103,738	102,651
Stern	25,000	58,736	83,736	82,858

Distributions received from these funds totaled \$18,559 and \$17,733, for the years ended December 31, 2014 and 2013, respectively.

Note 13. Related Party Transaction

In February 2014, ACNO entered into an arrangement with a law firm to represent ACNO. The compensation for legal services is on a contingent basis. A board member of ACNO is an owner and manager of the law firm.

During 2014, a board member made an unconditional pledge of \$5,000. As of December 31, 2014, the remaining balance of the pledge totaled \$2,000.

Note 14. National Endowment for the Arts Grants

During 2014, ACNO was awarded two grants totaling \$190,000 for year ended December 31, 2014 from the National Endowment for the Arts (NEA), which are administered on a reimbursement basis. For the year ended December 31, 2014, ACNO expended a total of \$55,000 in relation to the two grants, which were submitted for reimbursement, none of which was received in 2014. Subsequent to year end, an additional \$125,000 was expended in relation to the two grants, and submitted for reimbursement. The amount received as reimbursement for the two grants as of the date the financial statements were available to be released totaled \$135,000.

Note 15. Subsequent Event

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 26, 2015, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

ARTS COUNCIL OF NEW ORLEANS
Schedule of Compensation, Benefits and Other Payments
to Agency Head
For the Year Ended December 31, 2014

Agency Head
Kim Cook, President/CEO

Purpose	Amount
Salary	\$120,000
Benefits - Insurance	\$7,806
Benefits - Retirement	\$2,000
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$8,427
Travel	\$9,676
Registration Fees	\$1,495
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

Note: Some travel costs relate directly to programs and are reimbursed by grants.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Board of Directors
Arts Council of New Orleans

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Arts Council of New Orleans (ACNO), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered ACNO's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ACNO's internal control. Accordingly, we do not express an opinion on the effectiveness of the ACNO's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether ACNO's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACNO's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACNO's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA
June 26, 2015

ARTS COUNCIL OF NEW ORLEANS

Schedule of Findings and Responses For the Year Ended December 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
a. Material weakness(es) identified	No
b. Significant deficiency(ies) identified	None Reported
c. Noncompliance material to the financial statements	No

Federal Awards - Not applicable

Section II - Financial Statement Findings

None.

Section III - Findings and Questioned Costs for Federal Awards

Not Applicable.

ARTS COUNCIL OF NEW ORLEANS

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2014**

None